

# Auto Trends

## What's triggering rising premium costs?

Have you noticed a rise in your auto insurance premium costs lately? Your driving behavior may not have changed, so what's triggering the increases? Did you know that over the past five years, industry combined ratios have risen more than 102 percent and frequency and severity are up across all personal coverage types?<sup>1</sup> This means more accidents are occurring with greater severity. With these increasing factors, among others, the insurance industry must react. Should you see a premium increase, we want to keep you up-to-date on the leading causes.

**More cars are being purchased.** In 2016, a record number of cars and trucks were sold — 17.6 million.<sup>2</sup>

**Greater number of drivers on the road.** Thanks to lower fuel prices and higher employment, 2016 saw the highest increase in drivers in 25 years.<sup>3</sup>

**Increase in distracted driving.** Texting on cell phones ranks higher than talking on cell phones, followed by checking emails and browsing on the internet.<sup>4</sup> Distraction-affected crashes were up 8.8 percent in 2015, the last year data was available.<sup>4</sup>

**Rise in traffic fatalities.** Traffic deaths rose 10.4 percent in the first half of 2016.<sup>1</sup>

### Other interesting facts

- Human error is estimated to be the critical cause in 94 percent of crashes.<sup>1</sup>
- 6 percent of households have a driver enrolled in an usage based insurance (UBI/telematics) program — that's a 20 percent increase from 2015.<sup>5</sup>
  - Among those consumers offered UBI, half of them enroll, yet only 1 out of 5 report being offered UBI at all.<sup>7</sup>



Resources: 1. Insurance Information Institute 2. CNN Money 3. Business Insider 4. att.com 5. LexisNexis

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### Understanding rising premiums

While price increases may certainly cause frustration, it's important for you to understand why changes may be occurring. We want you to know that we are dedicated to lessening the impact of ever-changing auto trends.

Here are a few tips to help:

- **Keep updated on auto trends** — The above statistics are just a few of the factors that can change dramatically year over year.
- **Discuss customer lifestyle changes with your insurance agent** — Did you know that a move from a rural to urban area or vice versa could affect your insurance rate? Make sure you are discussing these changes with agent.
- **Review your auto coverage** — Ensure that you're taking full advantage of State Auto's available discounts and have the appropriate coverages.
- **State Auto Safety 360<sup>SM</sup> telematics program** — State Auto Safety 360 may help you and family stay safe on the road. You can track driving habits and learn how they can improve. And, you may even earn a discount on your Personal Auto insurance premium (up to 50 percent)!\*
- **Fast Claims service 24/7** — Our agents' local knowledge and our extensive coverage options make everything about owning a car easier.

### Change from 2014-2016 — increase in all coverages, including comprehensive.<sup>8</sup>

	Bodily Injury	Property Damage	Personal Injury Protection	Collision	Comprehensive
Severity	7%	11.5%	7.7%	8.2%	8.3%
Frequency	2.2%	2.9%	10.2%	2.6%	2.6%

\*Available for new personal lines auto customers. Availability and discounts may vary by state.

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